

P.O. Box 942883
Sacramento, CA 94283-0001



September 21, 2011

NOTICE OF CHANGE TO TEXT AS ORIGINALLY PROPOSED

The full text of the amendments to the California Code of Regulations that concern Funds Enclosed in Correspondence is provided in its original single underline and strikethrough format. Changes to the original text are indicated with **bold double underline** for additional added text and **~~bold double strikethrough~~** for additional deleted text to the originally proposed text.

As determined by the California Department of Corrections and Rehabilitation (CDCR), the attached text contains the following changes:

Subsection 3140(d) is amended to add text reflecting the time necessary for the banks to verify and clear all negotiable instruments including money orders before the funds are available to the inmates for spending. The 30 calendar day time frame added to this regulation is necessary to allow sufficient time for CDCR and bank processing, and to prevent the loss of funds by the CDCR resulting from the inmate spending funds that are later determined dishonored.

Each institution receives a large amount of correspondence daily. Funds that are received for inmates in correspondence are processed in the mailroom at each institution and then sent to the trust office in that institution for posting. After the deposit is posted to the inmates trust account, the funds are taken to the bank for deposit. For institutions located in remote areas, deposits are taken to the bank by courier once a week. It can take up to seven calendar days for funds received in correspondence to be deposited into the banking institution to begin processing. When the bank sends an item through for processing and it is returned dishonored, the bank will send the item back through again in an attempt to re-clear the item. Depending on the bank and the item, some may send an item back three times. If the item will not clear and is dishonored, the bank returns the item via the postal service to the CDCR headquarters accounting office. Accounting then retrieves the funds from the inmate's account to reimburse the banking institution. The 30 day waiting period is determined by the Department to be a sufficient amount of time needed to accomplish the tasks as described above.

It should be noted that although the funds are on hold for 30 days, interest is being earned based on the inmates average daily balance. If the money order is dishonored by the bank, however, this interest is lost.

The 15-day comment period on these changes shall close on October 6, 2011. Submit any comments to Timothy M. Lockwood, Chief, Regulation and Policy Management Branch, Department of Corrections and Rehabilitation, P.O. Box 942883, Sacramento, CA, 94283-0001, fax to (916) 324-6075, or by e-mail at rpmb@cdcr.ca.gov before the close of the public comment period. Comments must be received no later than 5:00 p.m. on October 6, 2011.

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Only those comments relating directly to the enclosed post-hearing changes that are indicated by **double underline** and **~~double strikethrough~~** will be considered.

Original signed by:

TIMOTHY M. LOCKWOOD, Chief
Regulation and Policy Management Branch
Division of Administrative Services
Department of Corrections and Rehabilitation

Attachment